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HOW SMALL BUSINESS OWNERS AND MANAGERS MAKE MARKETING DECISIONS BASED ON THE SUCCESS OF THE LOCAL COLLEGE FOOTBALL TEAM

by
Sarah Rychlak

A thesis submitted to the faculty of The University of Mississippi in partial fulfillment of the requirements of the Sally McDonnell Barksdale Honors College.

Oxford
2019

Approved By

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Advisor: Dr. Matthew B. Shaner

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Reader: Dr. Melissa Cinelli

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Dedication

I am a great believer in luck, and I find the harder I work, the more I have of it.
– Thomas Jefferson

Dedicated to small businesses in small towns and beyond.

Abstract

SARAH RYCHLAK: How Small Business Owners and Managers Make Marketing Decisions Based on the Success of the Local Football Team
(Under the direction of Dr. Matthew Shaner)

Existing literature suggests that while many people, especially business owners, believe that their local economy suffers when the nearby sports team is not performing well, that is not the case. Student enrollment can take a dip when this occurs in college towns, but economic growth and prosperity is not dependent on a successful sports team. Studies have explored these effects in large cities, but less attention has been paid to the cities that would be more affected by the performance of sports teams, which is small college towns. This research explores the relationship between college football team success and small towns' economic growth; this study takes a deeper focus into how college town business owners and managers make marketing decisions with this belief in mind. In Study 1, we identify common practices among small business owners by conducting one-on-one interviews with business owners and managers in Oxford, Mississippi. In Study 2, we explore those practices among ten NCAA Division I college towns with less than 65,000 in population. Results suggest that business managers who make decisions based on the performance of the football team see a positive effect on business performance. We also found that managers who focused their marketing decisions on new product or service offerings reported increased profitability compared to competitors. This paper concludes with recommendations for managers and opportunities for further research.

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I. Introduction

For many small businesses in college towns, the football season is a major source of annual business earnings. There are seven weekends a year that attract out-of-town visitors, bring local residents out of their homes, and skyrocket sales for local businesses. But what happens when the football team is not winning? Fewer out-of-town visitors make a trip to see the game, fewer locals venture out of their homes, and businesses see less foot traffic. Past research has shown little or no economic impact of sports on the local community, but many small businesses still make decisions based on the perception that football influences the market. Other studies have also discovered that businesses that leverage their brand toward the local sports teams see increased success compared to competitors in their area. In this study, we look at how managers' perceptions influence marketing strategy decisions and whether those decisions benefit their business.

The small college town of Oxford, Mississippi is explored in Study 1. Ole Miss's student enrollment sees dips in years of losing football records, but economic growth only continues to grow, despite losing years. The only time that the economy has been almost stagnant is in times of economic recession, such as 2007-2009. Since we, the investigators, are residents of Oxford, Mississippi, we began our research in this small college town. We have seen firsthand how football success impacts the number of people that come into town and how small-town resources and businesses must adapt to the huge influx of visitors.

Despite the many studies exploring the economic impact of sports on economies and service industries, there is no research exploring small town business. Small towns operate differently because they have fewer resources and less consistent economic activity, especially in college towns. Well-anticipated football weekends and university events draw large crowds, often doubling or even tripling the number of people in the city. On the other hand, small businesses find winter break and summer difficult, when many loyal and potential customers leave on their academic breaks and there are no large university events to bring in out-of-town visitors. In this study, we explore the relationship between small town businesses and the nearby university. We define a small town as a community with less than 65,000 in population.

Research Questions

There are many questions to be answered when exploring the economic and social structure of a small college town. This study could be divided into a variety of research areas, but for data availability and personal interest purposes, we chose to explore the marketing decision-making process of small business owners and managers in small college towns.

Our first research question is: "Does the perceived effect of football success on a town's economy influence business owners and managers' marketing decisions?" Because many people believe that football success directly and drastically alters the local economy, we wanted to determine whether business managers consciously make business decisions depending on the football team's success. We were able to identify several small business practices and decision-making intentions in Study 1. Our second research question is "What is the relationship between football success, local economy, and marketing strategies?" After determining our research variables in Study 1, we used a survey method to collect quantifiable data on the effect of marketing changes. We found that managers do, in fact, make decisions with football in mind. With the goal of exploring the effects of their changes, the third research question asks, "What marketing changes actually cause increased profitability?" The survey data we collected pinpointed the specific marketing changes and the extent to which those marketing changes impacted company performance relative to local competitors.

In order to answer these research questions, we conducted exploratory research with a two-part study. By exploring qualitative and then quantitative data, we were able to identify major themes among small business operations and then identify the effectiveness of those business operations.

In part 1 of the study, we interviewed twenty business owners and managers and inquired about their perception of their target market, football season sales and operations, "off-season" sales and operations, marketing strategies, customer retention, impact of sports success, and strategies used to increase exposure and revenue. After conducting one-on-one interviews with business managers, it is evident that managers often make decisions based on the success of the football team. Marketing adjustments involve that of pricing, advertising, and product/service offerings. We have developed three major propositions from these qualitative interviews. The first proposition is that making football-driven marketing decisions does influence profitability. The second proposition is that, of businesses that make decisions based on the success or failure of the local college football team, profitability changes depending on whether the managers concentrate their marketing decisions on advertising/promotion changes, pricing changes, or product/service changes. Our third and final proposition infers that making football-driven marketing decisions will affect profitability differently depending on whether the business is relational or transactional.

After identifying major themes in Study 1, we looked into nine other small college towns. After reaching out to ten chamber of commerce directors, we began to manually collect contact information for businesses in those towns, specifically, service-related industries. Business owners and managers received an email asking them to complete a survey with the chance to win one of two $100 Amazon gift cards. After reaching out to 428 businesses, 111 responses were completed and 99 of those survey responses were used in data analysis. Twelve responses were excluded due to incomplete or inaccurate responses.

Study 1 determined that business managers most often do, in fact, make conscious decisions based on the success of the football team. We found that managers and owners make changes in marketing in three common ways: changes in advertising/promotion, changes in pricing, and changes in product/service offerings. Many of the businesses we interviewed emphasized the importance of providing quality customer service. Study 2 determined that managers who make decisions based on the local football team's performance report increased profitability compared to competitors. We found that the most effective way that managers can maximize profitability through their football-driven marketing decisions is to make changes in product/service offerings as opposed to pricing or advertising changes. We also found that relational businesses are associated with higher profitability when they make marketing decisions that are influenced by the football team.

II. Literature Review

There have been many studies in the past decades investigating the relationship between sports teams' on-field success and the local community's economic prosperity and development. These studies vary from college to professional sporting events. While some argue that there is a correlation, others argue that the correlation is insignificant. There are many ways to measure economic prosperity, such as per capita income, employment rates, university student enrollment, taxable sales, etc. Regardless of the correlation, there is undoubtedly untapped potential for businesses to target fans within a sports community.

Whether sports teams play a significant role in improving an economy is often discussed in the academic world. Emelie Värja looks at net migration and per capita income growth in Sweden (2016). By contributing subsidies, the government expects a successful hockey or soccer team to create a positive public image, consequently stimulating economic growth and expansion; however, the study found no positive economic growth. Evidently, high dollar subsidies for sports teams cannot be defensible on the basis of increased economic growth (Värja 2016). On the other hand, Marian Stan provides compelling evidence that modernization of the sports industry in the Republic of Moldova would be beneficial to the republic's economic growth and development (Stan 2016). With a strong infrastructure, sports organizations have the potential to stimulate economic development.

Robert Baade studies and discusses the economic impact of professional sports through taxable sales in Florida (2008). Baade notes that leagues, team owners, and event organizers are incentivized to iterate the economic benefits that professional sports teams have on a community, but those numbers are often exaggerated in order to receive subsidies and community support. Baade outlines three deficiencies: the substitution effect, crowding out, and leakages. The substitution effect is when a consumer spends money at the sporting event rather than in the local economy. Crowding out is when congestion causes local citizens to avoid leaving their home, resulting in loss of sales. Leakages account for money that is spent in the economy but does not benefit local residents. All are viable reasons that economic impact numbers are not as influential as they are advertised. Baade concludes that "new stadiums, arenas, and franchises, as well as mega-events, appear to be as likely to reduce taxable sales as to increase them." (Baade 2008).

Baade later focuses on college sports by comparing the influence on taxable sales in the local economy from men's home basketball games and home football games at Florida State University and the University of Florida from 1980-2007 (Baade 2011). Using metropolitan statistical area taxable sales, this study finds that men's basketball games have no impact on a local economy, and football games have a small but insignificant impact on economic variables in host cities. The article concludes, "If a college football game that attracts 80 or 90 thousand fans to a relatively small community only generates small identifiable economic gains, there is no reason to place any serious credence in economic impact estimates in other sports that can easily range into the hundreds of millions of dollars" (Baade 2011).

Coates and Humphreys seek to discover the effect of professional sports on earnings and employment in specific subgroups, and their findings support that of Baade's "substitution effect" (2003). While there is an increase in wages in the amusements and recreation sector, there is a decrease in wages in the eating and drinking sector, as well as a decrease in both services and retail trade employment. By investigating these narrow sectors of the economies, the findings suggest that there is an overall negative impact on employment and wages from professional sports. This negative effect "supports the idea that sports reduce real per capital income in cities through both substitution in private spending and through the creation of new jobs which pay less than the average prevailing wage" (Coates and Humphreys 2003). Consumers will spend money regardless, but when there are large scale sporting events, their expenditures are concentrated in the sporting event sector rather than the outer economy.

Where consumers choose to concentrate their daily expenditures is dependent on the type of event and how long the event lasts. A 1997 study of six major sports events determined that economic impact was dependent on the attendance size of the event and concludes by stating "there is wide variation across sports events in their ability to generate economic impact in the host city." However, this data is wide in variation due to the fact that some events are one day long, and other events may be several days long; therefore, spectators concentrate their spending in different areas (Gratton 2000).

Although large sporting events bring in visitors, the city or university is expected to hire security and emergency services to keep everything in order. Coates and Depken investigate the impact of college football games on local sales tax revenue and taxable sales by studying four similar college cities in Texas: University of Texas at Austin, Texas A&M University, Texas Tech University, and Baylor University (2008). With the burden of paying for additional aids within the community, the well-anticipated football games generate economic activity, but the financial strain and increased need for police demolish long-term benefits of employment or income in the communities. Coates and Depken conclude, “a net drain on local sales tax revenues requires the host city to determine if any increased exposure of the town, stock of goodwill with current residents, stature with the state legislature, and any other non-monetary benefits of hosting such events, is worth the financial costs involved” (Coates and Depken 2008).

Professional sports franchise owners claim that the public funds used to subsidize sports organizations provide increased economic activity, increased wages, and increased employment. Although subsidies are intended to stimulate economic activity within a community, it seems that sports franchises only cause consumers to shift their consumption patterns. The findings of this research are consistent with that of Coates and Humphrey’s in several ways. One, that “employment within these industries (clothing, drinking, food, hotel, and liquor) have mixed results when a franchise is present.” And also, that “real per capital income falls when sports franchises are present” (Jasina and Rotthoff 2008).

Coates and Humphreys explain the relationship between professional sports teams and the local standard metropolitan statistical area (SMSA) (1999). The general impact is negative, but this could be because of several reasons. The first possible explanation is that “residents of SMSAs with sports franchises are willing to accept lower real income because of the positive nonpecuniary benefits derived from the presence of these franchises.” Another possible explanation is that “public subsidies to these franchises and the stadia they occupy reduce public spending on local infrastructure, public safety, education, and other forms of economic development or increase taxes.” And finally, an explanation for the decrease in economic growth is the relationship between a sports environment and “unobservable productivity growth,” which may be more stagnant in a metropolitan sports environment. The authors note that while there may be a negative pattern of economic growth, the overall sense of community and satisfaction may increase the quality of life in SMSA’s (Coates and Humphreys 1999).

Does the benefit of a community’s increased exposure and increased quality of life outweigh the alleged hindrance of the local economy? Tourism can be great for a community, but sports tourism may be different. Gibson classifies college sports fans as tourists and identifies the opportunity for increased tourist activities. From interviews, the author concluded that fans are likely to participate in tourist-related behavior, and the hosting cities should take advantage of that (2003). By encouraging more collaboration and communication between the university athletic department and local tourism agencies, college communities can seize the opportunity to attract tourists as well as sports tourists (Gibson 2003). Sports tourists tend to spend their money in different ways when traveling, whether it is on food, attractions, events, lodging, or retail. Expenditure behavior is typically dependent on age, marital status, socioeconomic status, and relationship to the team or university. In a study exploring sport tourists’ expenditure behavior during collegiate national championships, students were shown to spend the most, and all sport tourists, on average, spend the majority of their daily expenditures in lodging and retail (Irwin and Sandler 1998).

The enticing opportunity to appeal to sports fans is often taken advantage of by business owners, and Chalip and Leyns analyze how businesses leverage their brand to a sport event (2002). While many businesses failed to recognize the opportunity to leverage their brand to the local Gold Coast Honda Indy motor race event, the study finds that the businesses who did leverage did see some benefit. Some marketing experts stated that there is untapped potential for enhancing these leveraging efforts, and business leaders noted that local business associations should make an effort to leverage all businesses as a whole (Chalip and Leyns 2002).

Increased exposure of a college brand significantly impacts a student's decision to apply to a particular university. Is it a matter of uninformed high school students making their college decision based on athletic media exposure, or is athletic success simply a contribution to the utility function of an institution? Pope and Pope explore the attention-driven versus utility-driven concept by looking at where high school seniors send their SAT scores, which is a strong indicator of where students send their applications (2014). The authors concluded that there is a strong and positive relationship with how successful a college sports team is and where students send their college applications (Pope and Pope 2014). These results could benefit university officials in optimizing the number of applications they receive.

Stephen J. Perez, in his study of the correlation between intercollegiate athletic success and local student enrollment, found that that at the Division I level, football and men's basketball both positively affect local student enrollment, and football success actually takes longer to affect student enrollment – a 2-year lag (Perez 2012). Similarly, George Chressanthis and Paul Grimes analyzed the relationship between student enrollment demand and sports success at Mississippi State University (1993). Specifically, this study considered the NCAAA sanctions placed on Mississippi State 1975-1977, when their wins were forfeited, making for two 0-11 record seasons. This negative publicity resulted in reduced first-year student enrollment demand, but overall, the empirical results established that a winning record does increase first-year student enrollment (Chressanthis and Grimes 1993).

Athletic success and exposure impact universities and communities in a surprising way. While student enrollment may increase with increased athletic success, economic success does not; however, businesses who leverage their brand to an athletics team have been shown to benefit from it. There are many variables to consider when making business decisions in an area with a strong sports community, such as the average attendance of sports events, the city's population, Baade's substitution effect, crowding out, and leakages, and much more. As a business owner, it is pertinent to consider all factors when leveraging a brand to the university or professional sports team. Key insights from studies explored provided understanding and direction for the primary research conducted in this paper. A full table of literature investigated for this review is located in the Appendix A with a summary of key insights (Table 1).

III. Overview of Studies

In this paper, we conducted two studies to help us gain insights into the marketing decisions of small college town businesses and how those marketing decisions impact business success. After exploring previous studies and creating a comprehensive literature review, we narrowed our focus to exploring how small business owners and managers make marketing decisions based on the success of the local college football team.

Study 1 is an exploratory qualitative study designed to help us understand the phenomenon that small businesses experience on a college football weekend. For this research, we sat down with twenty small business owners in the small college town of Oxford, Mississippi and conducted an IRB-approved interview. This interview inquired about the business's relationships with the university and how university events, specifically home football games, impacted profitability and marketing decisions. We found that most business owners and managers do, in fact, make marketing decisions based on the success of the football team in order to better adapt to consumer needs and behaviors. Many interviewees explained that these marketing decisions and changes come in the form of social media advertising, changes to prices, and offering different product/services. Customer service was often mentioned in interviews as a way of maintaining customers, suggesting that many of the restaurants and liquor stores are highly relational.

In Study 2, we provide a more generalizable view by surveying small business owners and managers in ten different college towns. We reached out to 428 small businesses through direct email and followed up with each a week later to increase responses. We incentivized participation by offering to put each respondent into a drawing to win one of two $100 Amazon gift cards. One hundred eleven respondents participated in the Qualtrics survey, but, due to incomplete responses, we only used 99 of the responses, resulting in a 23% response rate.

Survey responses suggested that managers who make marketing decisions based on the success of the local football team perceive their business as more profitable compared to competitors. Our survey explored where managers focus their marketing changes: promotion, pricing, or product. The promotion variable was insignificant, suggesting that promotion changes have no relationship with profitability. Managers who make changes in pricing have a marginally significant and negative relationship with profitability compared to competitors. Managers who make marketing changes to product/service offerings have a significant and positive relationship with profitability compared to competitors. Our final insight from Study 2 is that managers who perceive their business as more relational benefit from making football-driven marketing decisions compared to relational businesses who do not consider football success. Inversely, managers who perceive their business as more transactional do not benefit from making football-driven marketing decisions.

We developed three propositions after conducting Study 1. Our propositions declared that 1) football-driven decisions influence profitability, 2) profitability changes based on where managers concentrate marketing decisions, and 3) profitability changes based on whether a business considers itself more relational or transactional. Study 2 confirmed our propositions. This paper further examines and discusses insights of this exploratory research.

IV. Study 1

This study investigated marketing practices of small business owners through qualitative interviews. We found that many managers consider the success of the football team when making marketing decisions. The most common marketing decisions are focused on promotion, price, and product changes. Customer service is very important to these relational businesses, so they make changes to adapt to consumer behavior.

Data Collection

In order to uncover common small business marketing practices, we reached out to 43 Oxford service-related business owners and managers via email and conducted twenty in-person interviews. These interviews lasted from 20-30 minutes and consisted of the same semi-structured and open-ended questions. We audio recorded and later transcribed each interview through a third party. We analyzed each transcript with a coding software, coding line by line in hopes of identifying emergent themes. All interviews followed IRB interview protocol.

We told the interviewees that we were conducting research about the relationship between local businesses and the university. Each interviewee gave consent to be recorded and signed informed consent forms. Managers were then asked to describe their target market, football season sales and operations, "off-season" sales and operations, marketing strategies, customer retention, impact of sports success, and strategies used to increase exposure and revenue. The interview protocol used is located in Appendix A

(Table 2). After the last question, we asked the interviewee if he/she had any more input that he/she may consider valuable to our research.

When analyzing and coding these interview transcriptions, we focused on finding common practices among businesses. In the first round of analysis, we created labels that portrayed the general idea of the statement. In the second round of coding, we took a closer look at the codes and narrowed them down into broader categories. By doing so, we were able to determine what kinds of relationships existed. Table 3, located in Appendix A, outlines the key findings of each interview, along with the manager's name (changed for anonymity), industry, and a description of the business (Table 3).

Major Themes

The first emergent theme that came to light is that many managers do, in fact, consider the football team's performance when making marketing decisions. The next theme we identified is that some businesses make changes in how they advertise, others adjust pricing, and others offer a new or different product or service. Our final emergent theme is the level of interaction between a firm's customers and employees. Importance of customer service is a factor that determines where a business is on the scale of relational to transactional.

Manager Decision Making

Many of the business managers we spoke to explained that their revenue is very dependent on the university's activities. It also became clear that managers often make decisions based on the success of the football team. These marketing decisions most often involved three of the four classic elements of the marketing mix: promotion (advertising), pricing, and product/service offerings. Another theme that arose is customer service.

While some businesses are more transactional, these relational businesses claimed that their customer service is what drives their customer loyalty and word-of-mouth buzz. These emergent themes narrowed the focus of Study 2.

During the interviews, many managers discussed the relationship of the University of Mississippi and Oxford. Johnathan, the owner of a sports merchandise retail store relies heavily on seven home football games to drive sales. Johnathan's business is not alone in this dependence on Ole Miss's football season. Other retail stores and restaurants agree that football season is huge and creates a skyrocket effect for their businesses. He discussed Oxford's symbiotic relationship with Ole Miss:

> *This town is structured to cater to the university, and I often say we couldn't make it without the university, I think that on the flip side, I think the university values Oxford as well. It puts a lot of their students to work, it gives them a safe environment. I think the two work hand-in-hand. They certainly are a big provider of customers to the retail market and they certainly have helped and boosted our business over the course of the years.. It's like farming. You make ends meet January through July, but August through December is when you put up the hay. It makes a world of difference, a football game weekend and football season…It makes or breaks us, per se.* (Jonathan, sports retail owner)

Jeremy, on the other hand, is a manager for a high-end and well-known restaurant. He notes that his successful restaurant sees plenty of customers throughout all times of the year. Although he is not a sports fan, he will sometimes check in with football because it can cause a boost in walk-in customers and reservations. Although successful restaurants do not rely on football season for their profits, football season does have a "skyrocket" effect on sales.

> *As soon as [Ole Miss beat Arkansas], we saw just a little bit of increase in phone calls of people trying to get a reservation. And so, I think maybe fans of the team were like, 'Okay, maybe there is some hope. Maybe this team will do something really well.'* (Jeremy, restaurant manager)

Molly, the manager of a small bakery, measures time in football seasons. When asked how old the business was, Molly noted that it was their fifth football season. She went on to explain that it is easier for them to measure the years through football season, since it first opened during a football season and since football season is such an important time of the year for their business (Molly, bakery manager). This reference to football season alone demonstrates some businesses' dependence on football season to drive sales.

> *The business started, this is our fifth football season, when [*the bakery owner*] was working with at another bakery and there was an opportunity for her to possibly do this on her own… because she started in football, like the first full football season. That's kind of what she remembers. It's easier to try to remember what year. She just says 'the fifth football season.'* (Shelly, bakery manager)

Some of the small service industries work to target students and locals, rather than focusing on out-of-towners. This way, they can have their business every day of the week rather than a long weekend. Shelly is a restaurant owner and also owner of a catering business. She sat down with me in the surprisingly empty restaurant for the interview. She discussed her target market for the restaurant. This strategy to focus only on students and local residents is understandable, but in doing so, Shelly may be failing to take advantage of weekend visitors who can ultimately drive profitability on these big game weekends.

> *We've been trying to tailor more to the students and get more student awareness out here. We've started some more specials geared towards students as opposed to geared towards that influx of ... people that come into town. I guess we do that at [our catering company] as well. We are trying to market more directly to people who are here, as opposed to those who were coming in on Thursday, Friday, and Saturday.* (Shelly, restaurant and catering owner)

3 P's: Pricing, Promotion, Product

In order to dig deeper into which, if any, marketing decisions these managers were making, we looked for specific types of marketing changes, corresponding with the marketing mix, also known as the 4 P's: promotion, price, product, and place. The most common strategies were promotion, price, and product.

Promotion

The first thing many people think of when they think of marketing is advertising, also known as promotion. Although advertising is just one factor in the marketing mix, almost every business has made a valiant effort in advertising. When asked about how they advertise and communicate with their customers, the majority of business owners and managers mentioned their social media presence (mostly Facebook and Instagram) and the power of word-of-mouth. Some of these businesses also appear in a few print advertisements.

Social media is the most common form of advertising among small businesses because it is easy, cost effective, and efficient. Patrick utilizes social media advertising to increase his liquor store reach. He values the ease and low-cost of social media advertising.

> *Facebook and Instagram and Snapchat and all of that ... you can't compete with it nowadays. It's super easy. You don't even have to get out of bed and you can advertise for your business. You can do paid sponsorships now with Instagram and Facebook. You can pay anywhere from $1 to $100 and it will show your ad to different people around your area, and it's unreal.* (Patrick, liquor store manager)

Although traditional advertising is lucrative at other times of the year, many of the managers that we spoke to iterated that they do not advertise during football season because it is a waste of money. They are going to get plenty of business on those weekends no matter what. The restaurant that Jeremey manages does not ever bother advertising during football season. He explains:

> *"During football season, I don't think anywhere is gonna have a problem seating people because you have, what, thousands of people come into town. And we do have a lot of restaurants here, but when people are coming into town for something specific like football, they're ready to spend some money. They want to go to the nicer restaurants. They're ready to drop $500 on a dinner just because it's something special. It's a football weekend. So, I don't think that we really advertise more during football season."* (Jeremy, restaurant manager)

Pricing

Pricing changes are common among managers, especially when the business is not doing well. They may choose to lower prices to drive demand or even improve customer loyalty. Andrew, the long-time owner of an Oxford liquor store, does his research before making pricing decisions. In this case, Andrew keeps prices low in order to retain and attract customers. He describes his strategy:

> *I've done a pretty good job of kind of pulling reports from the best-selling products in Oxford. Whatever sells the best, I try to keep those prices the low because you know those prices, or those products are selling. So, I run those on special pretty consistently.* (Andrew, liquor store owner)

Nikki, a sales manager at an Oxford hotel, noted that their bookings take a hit when the football team is not doing well, so they have to make adjustments in order to encourage customers to either still come to the game or discourage room cancellations for their customers with a gameday reservation. She explains:

> *Yes, we do see kind of a decrease when the team isn't doing well or something's going on with the team. And with that we just try to stay competitive as best we can with the rest of the market. Our rates go down a little bit more.* (Nikki, hotel sales manager)

Gale is the manager of a different hotel and explains that football weekends are the highest rates of the year, even though football season is not the busiest time of year. Football rates are the highest because out-of-town visitors have a high willingness to pay on these weekends, but of course, that demand decreases when the football team is not playing well. She explains:

> *One of the misconceptions that people have is that we're only really busy during football season. Actually, spring is our busiest time of the year because we have a lot of conferences, and of course that's baseball and basketball winding up. Really, we're pretty busy through June, and then June's our busiest month for orientation. We definitely have higher rates on football weekends. Much higher than we do other times of the year, but we're still the lowest in town.* (Gale, hotel manager)

Product/Service Offerings

Changing product/service offerings is another important aspect of marketing. By adding or adjusting what a business provides, it can attract new customers, retain current customers, and create word-of-mouth buzz. Specifically, in college towns, business owners have the opportunity to leverage their brand towards the university by offering products and services that compliment team colors, improve gameday experience, maximize school spirit, etc. These product/service offerings can maximize profitability by riding the coat tails of the football team, but it can also improve profits in lieu of football success or football season.

Jen just recently bought a high-end retail store in Oxford. Although her experience managing this location is minimal, she is aware of the Oxford market and how to appeal to customers. Jen pointed out that impulse purchases are common for clothing that is the football team colors, but this trend is most consistent when the football team is performing well. Jen can use this knowledge to accommodate to her customers when planning for the upcoming football season. As a previous employee of this retail store, she mentioned that in the past, their red and blue (Ole Miss colors) clothing has sold more when the team is doing well, but not so much when the team is losing. She explains:

> *It's funny, when sports are doing well, people want to dress the colors. When we're in a dip and we're not winning as much, people don't care as much about the color of the game. So, it's like, 'I don't care what I wear this weekend. I mean, it's red, but who cares?' But if we're all winning and Alabama's coming to town and everybody's geared up, everybody wants to wear red, you know, or blue, whatever it is. But people don't care as much about the colors when you're losing. But you definitely get those impulse*

purchases of the color. Doesn't really matter what the shirt looks like sometimes; as long as it fits and it's the color. (Jen, retail owner)

Andrew discussed how he offers a school-spirited product in his liquor store exclusively during football season, and it always does really well. It is likely that this would not be the case if it was offered year-round. This powder blue Maker's Mark whisky is popular because Ole Miss recently adopted the vintage "powder blue" color, and fans like to decorate with it, wear the colors, and now they can even have their liquor bottles embellished with powder blue.

> *We do a powder blue dipped Maker's Mark at the liquor store, once or twice a year … we only offer it during football season and we usually don't even do it every year, it might be every other year. And that's a huge, I mean, we sell tons and tons of cases of it.* (Andrew, liquor store owner)

On the other hand, when it is the off-season or when fans are not excited about the sports team, businesses can adjust product/service offerings in order to add value to an experience, attract customers with a new offering, etc. Molly explains how her bakery began offering weekly cupcake specials on Wednesdays and "cupcakes of the month" in the off-season.

> *We try to have on Wednesdays, we'll have cupcake specials. We also, when it's not football season, we'll have a cupcake of the month. We have usually had three flavors for all of one month and then it rotates the next month. So, then our local people that do just come in and grab cupcakes, can get a variety. And that way, it's not the same chocolate, white, and strawberry.* (Molly, bakery manager)

Patrick, the manager of a liquor store, sees benefits in offering a different variety of products in the off season because their customers tend to stick to familiar drinks during football and tailgate season. Patrick also suggests that their business benefits from catering to the demand of college students, keeping plenty of boxed wine and Fireball on the shelves.

> *During football season, we sell a lot more of the same thing. Most of our sales will be in many cases the same thing. Tito's vodka or Crown Royal or Andre Champagne. Those are the three biggest. Whereas in the off season, we sell a bigger variety of stuff.* (Patrick, liquor store manager)

As the sales manager of an Oxford hotel, Connor is always looking for ways to improve customer service and increase sales. He mentioned that many of their customers called to cancel their reservations after there was a scandal with the Ole Miss football coach. Although they did not want to, the hotel let many of their customers, who were upset and no longer wanted to come for football games, cancel their game weekend reservations. Connor does his best to maximize the value for guests, such as leaving gameday bags with gameday goodies on their beds for game weekends. He works to bring in more guests for overnight stays, but since the hotel has a downstairs restaurant as well as a bar, Connor works to get customers into those areas as well. He explains how he adds value to their customers' experiences:

> *What we did this year that we did not do last year is, and it wasn't necessarily as a result of lower sales, but I think it was a good move, is we had a live jazz trio every Friday night of every home game. We tried to add value because we're charging a premium price for these rooms. So, we were trying to add value to the existing. So, we just gave the customer more for their money.* (Connor, hotel sales manager)

Amanda and her husband run a restaurant and catering business together that is located a few miles outside of Oxford. Football season drives sales, but sometimes it takes a little effort to get customers in to try out their food. Amanda explains that a lot of the time, their menu is somewhat obscure, but says they make changes to appeal to football fans. This is a perfect example of how businesses will adapt their offerings to appeal to customers.

> *If we're struggling a little bit and getting guests to come in, coming into town, we will … kind of hit a slow ball down the middle just so that it's a menu that is inviting for everybody. So that it's not so obscure. So, it's a little more familiar.* (Amanda, restaurant and catering owner)

Customer Service

Many business owners and managers claim that their customer service is what keeps their customers loyal and instigates word-of-mouth buzz. Small businesses often have to rely on optimal customer service in order to win the loyalty of consumers who could take their business to a nearby chain or franchise that often has lower prices and wider variety. The more that customers value customer service and face-to-face interactions, the more relational a business is. Because many of the businesses that we spoke to are service-related, the majority of our examples are relational.

Jeremy says that, along with the exceptional food, the customer service his restaurant provides is the reason for the business’s abundance of “regulars.” Jeremy and his constituents at this restaurant do their best to provide exceptional service. Because these customers value interactions with their employees, this restaurant is considered to be relational. He states:

> *We have a lot of regulars. People that come here two or three times a week. And I think that the reason they come here two, three times a week is because of the staff and the friendliness that we offer them, that being one thing. The*

> *other being the consistency of the menu. And by that I don't mean that the menu stays the same.* (Jeremy, restaurant manager)

Many businesses that we interviewed are relational, working closely with customers to increase the quality of their experience. The hotel that Gale manages may not be as high end as its competitors, but the establishment prides itself on customer service. She stated:

> *The rooms may not be the latest and greatest, but almost without fail we get compliments on all of our staff members, whether it's the front desk or housekeeping. I think our services I would put up against anybody's.* (Gale, hotel manager)

Many businesses emphasize customer service, especially highly relational businesses. On the other hand, transactional businesses do not require one-on-one customer service. This difference between relational and transactional has significant implications on how businesses operate and position themselves. For example, Gertrude's coffee shop sees consumers of all demographics. She notes:

> *Being in the coffee industry you kind of pick up anybody and everybody…. everybody in this town is in and out of here so you see a wide range of folks.* (Gertrude, coffee shop owner)

While of course customer service is important to Gertrude's coffee shop, coffee is considered a commodity, so customer service is not as pertinent to her business. The difference between relational and transactional businesses is explored further in Study 2.

This qualitative research in Study 1 identified common practices and themes among small business managers and owners. We have determined that businesses rely on the university for a lot of their business, but not always exclusively. Because of this, some businesses choose to consider football performance when making marketing decisions more than others. These changes most often come in the form of changes in advertising/promotion, changes in pricing, and changes in products/services offered. Some businesses are more customer-service driven than others, meaning they are more relational than transactional. Study 2 will take a deeper look into these themes and how these marketing changes affect business profitability. In Appendix A is a table that depicts the kinds of businesses that we interviewed and what insights were drawn from each of those interviews (Table 3).

After speaking with small businessowners in Oxford, we noticed emergent themes that may be true for many other small college town businesses. Based on these emergent themes, we made the following propositions:

Proposition 1

> Making decisions based on the success or failure of the local college football team does influence a business's profitability.

Proposition 2

> Among businesses that make decisions based on the success or failure of the local college football team, profitability changes depending on whether the managers concentrate their marketing decisions on advertising/promotion changes, pricing changes, or product/service changes.

Proposition 3

> Making football-driven marketing decisions will affect profitability differently depending on whether the business is more relational (customer service-oriented) or transactional.

V. Study 2

The purpose of Study 2 was to take our insights from Study 1 and test them in a survey to see if they were generalizable to a broader sample of businesses in college towns. In order to test the propositions that we declared in Study 1, we created a study that would explore the importance of marketing decisions, the difference between promotion, pricing, and product marketing changes, and the difference in marketing decisions between relational and transactional businesses

Data Collection

Study 1 gave insight to our propositions which are tested in Study 2. After identifying emergent themes and common practices of business owners through interviews in Study 1, we created a comprehensive survey that measures the extent to which managers make decisions and whether they notice benefits from those changes. Respondents were ensured that the survey was anonymous and agreed to an IRB-reviewed consent form. A table of the questions asked in the survey is included in Appendix A (Table 4).

In order to conduct this quantitative research, we identified ten small NCAA Division I college towns. We chose to explore small college towns because there is little research on small towns, and as residents of Oxford, Mississippi, we (principal investigator and advisor) have seen firsthand how the influx of visitors on football game weekends drastically impacts the functions of this small town. For our study, we determined that a town was defined as “small” if it had 65,000 in population or less, according to the 2017 US Census estimate. After creating the list of towns, we reached out to chamber of commerce and economic development directors asking for assistance distributing the survey. This method was unsuccessful, as many chambers of commerce try to avoid mass emails or survey distributions among its chamber members. Therefore, we resorted to manually identifying businesses in these ten small college towns and compiled a spreadsheet of business name, city, and contact information.

We sent out 428 emails and/or messages over Facebook asking business owners and managers to participate in the anonymous survey. We incentivized participation by offering the chance to win one of two $100 Amazon gift cards. About a week after each email was sent, we sent a follow-up email in order to increase responses. Of those 428 businesses, we had 111 responses, however, we had to eliminate 12 responses due to inaccurate or incomplete responses. We used 99 of the responses, resulting in a 23% response rate. We focused our outreach on service-related industries and then labeled the responses by one of four industry codes. Codes include restaurants/food, hotels/lodging, professional services, and retail/retail services. A table of the industries, their codes, and the number of responses is located in Appendix A (Table 5).

Table 6 is located in Appendix A and summarizes the variables and the measurement scales used for the different models in this study. The three different models set either marketing decision, promotion/price/product, or relational/transactional variables as the independent variable. We used number of employees, number of wins, and industry code as the control variables. For all three models, the dependent variable was profitability compared to competitors (Table 6).

Table 7, located in the Appendix A, shows the college towns included in our study. We manually researched the total wins in each town over the last three-year period (2016, 2017, 2018) and then condensed those records in the W/L record column. We also included city in which the college is located, population, and the number of survey responses from businesses in each town (Table 7). This information is to control for the possibility that recent success might mean greater influence over strategy.

Results

In order to test our first proposition, we looked at the relationship between marketing decisions and profitability. By setting profitability as the dependent variable, we were able to determine how it was affected by the independent marketing decision variable. We found that marketing decisions had a significant and positive influence on profits, ($B = .152$, $p = .045$) indicating that making football-driven marketing decisions are related to higher profitability.

In order to better understand which specific types of marketing decisions influenced profits and explore our second proposition, we asked survey participants to identify what kinds of marketing changes that they made and to what degree. Respondents rated the focus of their marketing decisions, whether it was changes to advertising/promotion, changes to pricing, or changes to product/service offering. Their responses were measured on a seven-point Likert Scale of “Strongly Disagree” to “Strongly Agree.”

This model set each marketing variable, promotions, pricing, and product/service, as independent variables and profitability as the dependent variable. The results showed that, for the advertising/promotion variable, there is no significant relationship with profitability (B = .099, p = .388), indicating that making changes to advertising and promotions has no relationship with perceived profitability compared to competitors. We found that pricing changes have a negative and marginally significant relationship with profitability (B = -.246, p = .099), relative to competitors. These effects are negative, indicating that football-driven pricing changes are associated with lower perceived profitability compared to competitors. Looking at changes in product/service offerings, there was a significant and positive relationship with profitability. (B = .292, p = .031). Thus, indicating that, of the three marketing changes considered, changes to product/service offerings were associated with greater perceived profitability compared to competitors.

In our third and final model, respondents were asked to rate their business on a 1-7 semantic differential scale of relational to transactional. Relational, defined as "face-to-face interaction is valued by your customers to help them make a purchase," suggests that the business's customers have a strong relationship with them and the business is high in interaction and customer service. Transactional, defined as "customers don't highly value face-to-face interaction to help them make a purchase," suggests that this kind of business's customers do not feel a strong connection to the business and there is little interaction between customers and employees.

We looked at the relationship between the relational/transactional variable, (1 being highly relational, 7 being highly transactional), and football-driven marketing decisions and then analyzed how that relationship impacted business profitability. We used profitability as the dependent variable and relational/transactional marketing decision making as the independent variable, and we also included the interaction term between these two variables. The model demonstrated a highly significant and negatively influential effect on profitability ($B = -.102$, $p = .007$). This negative impact indicates that businesses that are more relational (lower on the relational/transactional scale) report higher profitability compared to competitors when managers make marketing decisions based on football performance. On the other hand, this also indicates that transactional businesses (higher on the relational/transactional scale) report lower profitability compared to competitors when they make marketing decisions based on football performance.

The interaction graph located in Appendix B illustrates how the influence of making decisions based on football success changes across levels of a firm's relational/transactional dealings with its customers (Figure 2). Businesses see a more dramatic impact on profitability and performance from their change in marketing decisions when the business is more relational and more connected with their customers. This large gap between the blue dotted line (high football influence) and the red line (low football influence) on the relational side of the graph makes it clear that managers in relational businesses benefit from considering football performance and even adjusting their marketing strategies to accommodate to that performance. Making football-driven decisions when your business is relational is shown to positively affect a manager's perception of their success relative to competitors.

Based on our results, business owners and managers that make decisions based on the success of the football team benefit from those decisions, and those decisions are associated with higher profitability. While marginally significant, making changes in pricing has a negative relationship with profitability. This research study determines that making changes in product/service offerings is the most effective change in order to increase profitability. And finally, this data indicates that it is essential for managers of relational businesses in small college towns to make football-driven decisions in order to maximize profitability and accommodate their customers. Transactional businesses can maximize profitability by improving the relationships with its customers.

VI. Discussion

This research explores the marketing decisions among small business owners in college towns and how those decisions impact business performance relative to competitors. We began with several research questions that laid the framework for data collection. Our results demonstrate that business performance can be attributed to how and why managers of these businesses make decisions. Based on the results of both Study 1 and Study 2, several insights emerge about the practices of businesses in small college towns.

Study 1 explores practices among small businesses located in Oxford, Mississippi, a small college town with 20,000 residents and about 20,000 students, and where economic growth is consistently increasing over time; however, locals and small business managers insist that business revenues suffer when the Ole Miss football team is doing poorly. While some observations may be accurate, previous research suggests that economic growth is not dependent on sports success. Robert Baade explores deficiencies that can explain lack of correlation between the local economy and sports success (Baade 2008).

As we covered in our literature review, the "substitution effect" is present in this study. This phenomenon is more likely to occur when the sports team is doing well and is not ideal for businesses in the nearby area because it results in high customer expenditure within the sports stadium, but low customer expenditure among local businesses. On the other hand, the substitution effect has positive implications for businesses when the local sports team is not doing well. Consumers are less likely to concentrate their expenditure in the sporting event and more likely to go into town and spend their money at a business (Baade 2008).

The findings in this study support the “substitution effect,” as the data suggests that consumers change where they concentrate their expenditure depending on the success of the football team (Baade 2008). For example, fans may decide to watch the game at a bar instead of in the stadium, spending their money at a downtown bar on beer and appetizers instead of Porky’s BBQ nachos and overpriced soda in the football stadium. Similarly, when we interviewed Nancy at the local bowling alley, she claimed that their sales were positively affected when the football team was doing poorly because customers were seeking a substitution.

One of Baade’s other deficiencies, “crowding out” occurs when congestion causes local citizens to avoid leaving their home, resulting in loss of sales (Baade 2008). This also has positive implications in cities where the sports teams are not doing well, because local residents are less likely to leave town or stay in their homes in an effort to avoid crowded areas. These explanations support Oxford’s economic growth despite several years of disappointing football performance (Figure 1).

Another factor to consider is the overabundance of customers on a gameday weekend. We named this the “overabundance effect.” This phenomenon occurs when the football team is doing extremely well, so many fans will come into town to enjoy a fun weekend and gameday. However, because it is a town designed to cater to 65,000 or less, its establishments and resources become saturated with customers. Demand is high, but there is only so much supply that is available. A restaurant can only seat and feed so many customers per night, and a hotel can only host as many guests as it has rooms. In our qualitative research (Study 1), we found that opportunity for business is so high, managers feel confident enough to neglect advertising efforts altogether. They will have a full house no matter what.

Marketing Decisions

In Study 2, the first insight that we discovered is that businesses that make marketing decisions based on the success of the football team benefit from those marketing changes. Although this observation is measured by the perception of the individual that took the survey, the data suggests that, overall, businesses that make marketing decisions based on the football team's performance report higher profitability. There is a positive relationship between making marketing decisions based on football performance and profitability. This outcome reflects the findings of previous research. Gibson found that by identifying and increasing the opportunity for tourist activities, businesses can attract customers (Gibson 2003). Our findings are consistent with Gibson's in that businesses should take advantage of the tourists attracted by football weekends and make adjustments to appeal to visiting tourists. Results of this model give insight to the first proposition that we declared, "making decisions based on the success or failure of the local college football team does influence a business's profitability".

3 P's

It is clear that many businesses change how they go about marketing depending on the success of the local college football team, but how they change their marketing varies. The marketing mix lays out the four "P's:" Price, Product, Promotion, and Place.

Price, product, and promotion were the most common themes in Study 1, so we focused on those three in Study 2 and excluded the "place" variable. We explored which of those marketing changes were the most effective in improving business profitability.

When looking at businesses that focus their marketing decisions on changes in advertising and promotions, our data suggests that there is little effect on profitability in comparison to its competitors. Many small businesses conduct their advertising through social media because it is cost-effective and easy; however, this research proposes that advertising has no impact on a company's profitability compared to competitors. Because of this revelation, managers should re-consider or re-prioritize their advertising and marketing strategies.

Another insight that we found through Study 2 is that there is a negative and marginally significant relationship between pricing changes and business profitability. Our data indicates that it is not worth managers' time or money to change prices depending on the football team's success. The most common pricing change we identified in Study 1 was hotel room rate reductions. It is unlikely that consumers will be incentivized to plan a trip somewhere solely because of a reduced room rate, so this example is consistent with our findings.

Looking further into marketing changes, we discovered through Study 2 data that there is a positive and significant relationship between profitability and changes to product/service offerings. Study 1 provided some examples of changes to product/service offerings. Some examples of this profitable change to marketing include: Jen offering more red and blue clothes when the football team is doing well, Andrew's liquor store offering school-spirited Maker's Mark, Patrick offering a wider variety of alcohol in the off-season, Molly attracting new customers with special cupcake deals, and Amanda and her husband creating a menu that will appeal to out-of-town visitors. Results from this model give further insight to our second proposition, "among businesses that make decisions based on the success or failure of the local college football team, profitability changes depending on whether the managers concentrate their marketing decisions on advertising/promotion changes, pricing changes, or product/service changes."

Relational/Transactional

According to business managers themselves, when they make decisions based on the success of the football team, they are more profitable than their competitors. This is demonstrated by our findings as a whole, but when taking a closer look and dividing the businesses into relational and transactional, it becomes evident that relational businesses are most impacted by this factor, and transactional businesses are marginally but inversely impacted. In the survey, respondents were asked to self-identify on a scale of relational to transactional. We used this information to explore how businesses' marketing decisions and interactions with customers affect profitability.

Data collected from Study 2 suggests that when managers make decisions based on the success of the football team, they are more profitable than their competitors. When looking at relational businesses, managers who claim that football has a high influence on their marketing decisions are associated with higher profitability than relational businesses who do not consider football performance. This data suggests that their lower profitability is due to the fact that they are not making marketing decisions based on football performance, a factor that influences consumer behavior. Relational businesses are more responsive to customer needs thus able to detect market changes more quickly and accurately adapt to fit the wants and needs of the consumers. As a relational business, it is extremely important to understand consumer behavior and adjust to the needs of your consumers accordingly. Disregard for this factor can keep businesses from reaching their full potential.

On the other hand, football-driven marketing decision-making has a different effect on transactional businesses. We found that for transactional businesses, making football-driven marketing decisions is actually associated with slightly lower profitability compared to transactional businesses that do not make football-driven marketing decisions. The transactional businesses in our survey self-identified as more transactional, acknowledging that their customers do not value face-to-face interactions. Because these transactional businesses do not have a close relationship with its customers, they lack the connection with customers needed to be able to respond in a timely fashion to changing consumer wants and needs. Managers in transactional businesses should work to become more relational so that they are able to have more control over their profitability compared to competitors. Study 2 generated Figure 2 in Appendix B, which illustrates the opportunity for profitability improvement among businesses, just by considering the local atmosphere or improving customer relationships (Figure 2). This model gives insight to our third proposition, "making football-driven marketing decisions will affect profitability differently depending on whether the business is more relational (customer service-oriented) or transactional."

What business owners and managers should take away from this study is that, in order to remain competitive in a small college town, owners and managers should consider the performance of the football team. When making marketing changes, the most effective method according to our research is an adjustment of what you offer to your customer, whether you are adding value to an experience or offering a new kind of product. If the business is relational, marketing decisions should be made with consideration to football performance. If the business is transactional, the business should develop closer relationships with customers to become more relational. By keeping these insights in mind, businesses can maximize profitability whether the football team is winning or losing.

Limitations and Suggestions for Further Research

This research has several limitations, and these limitations will propel future research to better explore the business practices in small college towns. First, we used exploratory methods to conduct this research, therefore, results should be interpreted with caution. All survey and interview data were from the manager of the business himself/herself. In the survey, respondents were asked to measure their performance based on profitability, cash flow, and sales compared to their competitors. Although we could not determine specific numbers for these businesses, we were able to see to how they believed they perform compared to competitors. Although this survey was anonymous, responses were not exempt to desirability bias, which may have occurred when answering questions about the business which they manage.

Often times in the research world, small towns are overlooked because many researchers look to appeal to the masses; or maybe this lack of research is due to the difficulty in reaching these small businesses; however, there is a pressing need for research in the many small towns across America. By exploring the functions of small towns across the country, we may see similarities in how businesses make decisions and what consumers respond to the most.

We used perceptual measures; future research should attempt to use secondary and/or objective performance data to explore these relationships. By uncovering consumer behavior and purchasing intentions, managers can better adapt to their customers' needs. Future research should also explore the relationship between financial output of a small college town/university on gameday and the revenue generated from the football gameday. Coates and Depken explore this in their study, "Do College Football Games Pay for Themselves?" This kind of research could be extremely valuable to the many small college towns and universities, because they incur financial strains in order to hire additional aid for gameday weekends (Coates and Depken 2008).

In conclusion, this study suggests that managers who make decisions based on the success of the local college football team report higher profitability than managers who do not consider football performance. Of the marketing decisions that managers make, promotions, pricing, and product changes are the most common. We found that changes in promotion do not show perceived profitability increase compared to competitors. We also concluded that managers should not make football-driven changes to pricing because data showed that it was associated with lowered perceived profitability compared to competitors. Of the marketing changes explored, changes to product/service offerings was associated with the highest perceived profitability compared to competitors among business managers. Our final inference of this study is that businesses that consider themselves to be more relational are more profitable when they make football-driven decisions than relational businesses that do not consider football success. Businesses that consider themselves to be more transactional should work to develop relationships with customers in order to become more relational. This study provides insight into small business functions and implications of their marketing changes.

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VIII. APPENDIX A

Tables

Table 1. Studies Exploring the Economic Impact of Sports on an Economy and Local Businesses

Study	Key Concepts Explored	Theory/Conceptual Framework	Outcome Variable(s)	Sample Used	Type
Current Study	Perceived impact of football success on local economy	Relational/Transactional influence on marketing decisions, Type of marketing changes made	Businesses that leverage their brand to the local university brand	Businesses in 10 NCAA D1 college towns	Mixed methods - interviews and survey
Baade (2008)	Impact of professional sports on taxable sales	Substitution effect; event organizer incentive to exaggerate economic impact numbers	Taxable sales	Florida 1980-2005	regression analysis/rf model
Baade (2011)	Impact of college football games on local sales tax revenue	Differentiating gross economic impact and net impact	Local sales tax revenue	Football and men's basketball at FSU and U-FL	Conceptual
Chalip and Leyns (2002)	Local business leveraging sport event for economic benefit	Event tourism and the use of sport events as an economic development tool	Potential for local establishments to up their business by leveraging a sporting event	4 businesses leveraging the Gold Coast Honda Indy	Conceptual
Chressanthis and Grimes (1993)	Relationship between sport success and first-year student enrollment	A winning season, tv appaerances, and post-season play effect on the university brand	First-year student enrollment demand	Mississippi State University 1970-1991	Analysis of data
Coates and Depken (2008)	Impact of college football games on local sales tax revenue	Mega-event economic impact compared to numbers provided by stakeholders	Local sales tax revenue	Austin, College Station, Lubbock, and Waco	Conceptual
Coates and Humphreys (1999)	Relationship between sports environment in metropolitan area and its economy	Substitution effect in both public spending and consumer spending	Level of real per capita income and rate of growth of income	37 standard metropolitan statistical areas	Conceptual
Coates and Humphreys (2003)	Impact of professional sports teams on earnings and employment in services and retail sectors	Substitution effect and information in previous study Coates and Humphreys 1999	Wages and employment rates in retail and service industry	37 standard metropolitan statistical areas	Conceptual
Gibson (2003)	Event sport tourism and the behaviors of fans as tourists	Themes of travel- related behavior, including sports tourists and sports excursionists	Potential benefits of communities leveraging sport events to visiting fans	Gator fans at a home game; random sampling	Survey

Table 1. Studies Exploring the Economic Impact of Sports on an Economy and Local Businesses

Study	Key Concepts Explored	Theory/Conceptual Framework	Outcome Variable(s)	Sample Used	Type
Gratton (2000)	Importance of sport events that have potential to contribute significantly to the economy	Multiplier calculations account for retained income in the city after "leakages". Expenditure varies depending on if it is competitor or spectator-driven	Additional expenditure in host city	6 major sporting events in UK in 1997	Case study
Irwin and Sandler (1998)	Event-induced expenditure behavior patterns of team-affiliated patron sub-groups	Importance of businesses keeping up with local teams to optimize servicing visitor patrons	Behavior of visiting patrons and where their average daily expenditure is concentrated	1,646 visiting event patrons at 10 collegiate national championships	Factorial analysis of variance (ANOVA)
Jasina and Rotthoff (2008)	Explanation of the relationship between sport events and increased community revenue	Sports franchises seem to cause consumers to shift their consumption patterns to different sectors	Real per capita income	County level data with detailed industry codes	Conceptual
Perez (2012)	Relationship between intercollegiate athletics and student enrollment	Decision makers concentrate financial resources on athletics to increase the preceived quality of the university.	Proportion of local high school graduates enrolling in university	8 California state univerisites; NCAA D1	Conceptual
Pope and Pope (2014)	Relationship between college application decisions and collegiate sports success	Utility driven vs Attention driven	Where students send SAT scores	Random sample of SAT test takers	Survey
Stan (2016)	The potential for economic growth in the developing country of Republic of Moldova	The state's involvement in sports growth is pertinent to the parallel economic growth that will follow	National expenditure for sports and country development	Republic of Moldova	Discussion
Värja (2016)	Sports team importance to local economic growth	High dollar subsidies cannot be defensible on the basis of increased economic growth	Local average income growth	Net migration and per capita income growth in Sweden	Conceptual

TABLE 2 – Study 1 Interview Questions

	Interview Question Asked
1	Tell me about your business.
2	Tell me about the customers that your business attracts.
3	How does football season compare to the rest of the year in terms of sales?
4	How do you typically go about marketing?
5	How do you bring in customers or maintain customers?
6	How does your business change based on sports success?
7	Do you change how you bring in customers when sports are not doing well? If so, what?
8	What do you do differently in the off-season?

TABLE 3 – Study 1 Business Interview Details

Business Type	**Interviewee***	**Industry**	**Key Insights**
Sports Retail	Jonathan	Retail	Very dependent on football season to drive sales.
Restaurant, high-end	Jeremy	Restaurant	Although they are not dependent on football season, it does create a “skyrocket” effect
Bakery	Molly	Restaurant	Measures time in football seasons. Offers “cupcake of the week” in off-season in order to increase sales.
Restaurant	Shelly	Restaurant/ Catering	Ignores football visitors to focus on local residents and students
Women’s Retail	Jen	Retail	Has more/less team colored clothing depending on if team is winning or losing
Hotel	Nikki	Hotel/Lodging	Reduces hotel rates when the football team is not doing well.
Liquor Store	Andrew	Retail/Retail Services	Retains customers by having low prices. Offers school spirited bottles of Maker’s Mark to increase sales
Hotel	Gale	Hotel/Lodging	Lowest hotel prices in town, Fall is not the busiest time of year though
Liquor store	Patrick	Retail/Retail Services	Cater to the needs of the students. See consistent sales during football season of the same things. Try to diversify offerings in the off-season
Hotel	Connor	Hotel/Lodging	Add value by giving out gameday bags, offering live music to bring new customers into the lounge
Restaurant/ Catering	Amanda	Restaurant	Adjusts menu to attract customers

Insurance Agency	Austin	Business services	Not dependent on football season. Works with Ole Miss students for renter's insurance
Embroidery shop	Patricia	Retail services	Customer service is really important. Offer embroidery classes, community service projects
Coffee Shop	Gertrude	Restaurant	Triple sales on football game weekends. Coffee industry can be a commodity, so wide range of consumers.
Park Commission	Ron	Business Services	Recognizes University as their largest market
Catering Services	Liz	Restaurant/Catering	NO tailgating services. Cater a lot of University events
Sports Website	Charlie	Business services	Lose subscribers when football team is not doing well
Hardware Store	Frank	Business services	Not dependent on football season/success. Suffer on gamedays because everyone is going to games
Bowling Alley	Nancy	Retail services	Business suffers on gamedays. Attract students, families, elderly. Does better when football is losing.
Workout studio	Katrina	Retail services	When students leave town, business suffers. Try to appeal more to locals because of this.

*Names were changed in order to maintain anonymity

TABLE 4 – Study 2 Survey Questions

	Survey Question Asked
1	What is the nearest University to your business with an NCAA Division I football team?
2	What kind of business do you work for?
3	Relative to how your business performed in 2017, rate your company's performance in 2018 in the following areas: Profits (amount of money your business made after paying expenses and taxes) Sales (amount of revenue generated by sales before paying expenses and taxes) Employees (number of full-time and part-time employees) (On a 7-point Likert scale)
4	How many employees, full-time or part-time, does your business currently have? (enter a numeric value in the space below)
5	The success of my local university's football team influences the success of my business. (On a 7-point Likert scale)
6	The success or failure of the local college football team influences how I make marketing decisions. (On a 7-point Likert scale)
7	The success or failure of the local college football team influences my decisions about... Advertising and promotions Product/service pricing Product/service offerings (On a 7-point Likert scale)
8	If you answered "Somewhat agree," "Agree," or "Strongly agree" on the previous question, please briefly explain your answer.
9	Is your company's relationship with customers more relational or transactional? **Relational =** face-to-face interaction is valued by your customers to help them make a purchase **Transactional =** customers don't highly value face-to-face interaction to help them make a purchase (On a 7-point semantic differential scale)

Table 5 – Study 2 Survey Responses by Industry

Code	Industry	# of Responses
1	Restaurant and Food	41
2	Hotel/Lodging	9
3	Professional Services	33
4	Retail/Retail Services	16

Table 6 – Study 2 Table of Measures

Independent Variables	**Measurement**
Marketing Decision	1-7 scale
Promotion/Price/Product	1-7 scale
Relational/Transactional	1-7 scale
Controls	
Industry Code	Categorical variable
# of employees	Open response
# of wins	Secondary data
Dependent variable	
Profitability	1-7 scale

Table 7 – Study 2 College Towns Explored

School	W/L Record*	City	Population**	# of responses
Auburn	26-14	Auburn	63,973	17
Clemson	41-3	Clemson	16,649	7
Kansas State	22-16	Manhattan	54,832	7
Mississippi State	23-16	Starkville	25,352	16
Oklahoma State	27-12	Stillwater	49,829	13
Ole Miss	16-20	Oxford	23,639	9
Penn State	31-9	State College	42,430	8
University of Virginia	16-22	Charlottesville	48,019	7
Virginia Tech	25-11	Blacksburg	44,562	9
West Virginia University	25-13	Morgantown	30,547	6

*W/L Record is for the 2016, 2017, and 2018 combined

**2017 US Census estimate

IX. APPENDIX B

Figures

Figure 1 Oxford, MS Annual Economic Growth

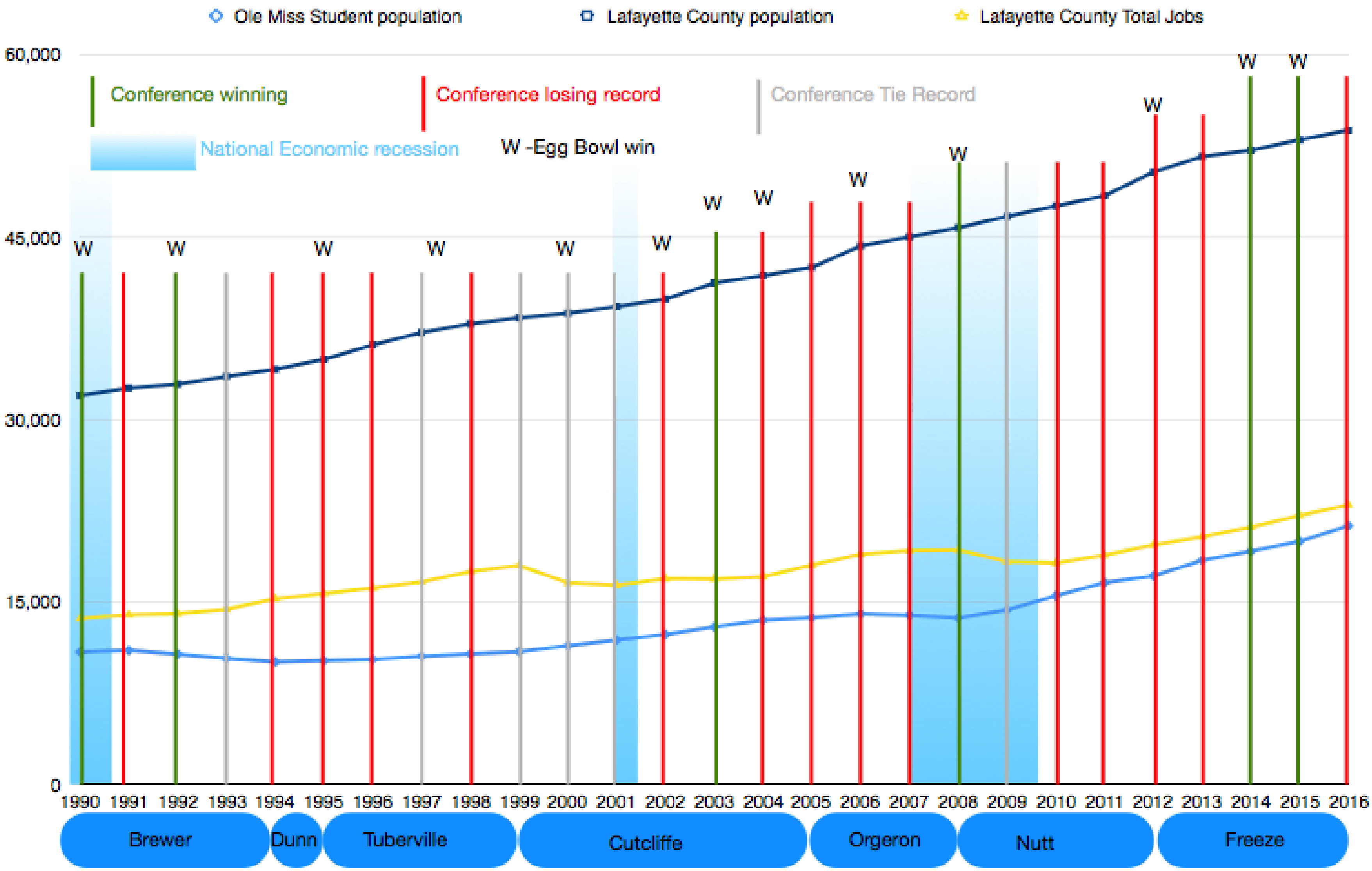

Figure 2 Relational/Transactional Marketing Decisions